BARTON BRANDS

ANNUAL REPORT 1972

In Memoriam

On October 30, 1972, Edwin J. Shaughnessey, Jr. was killed in the tragic commuter train wreck in Chicago. Jack Shaughnessey was a vice president of the Financial Relations Board and had represented Barton Brands in its financial public relations for several years. The Company benefited greatly from Jack's ability and integrity. Those in the Company who worked closely with him are among the many who will miss not only his able and wise counsel but, more importantly, his warm friendship. The Company dedicates this annual report to his enduring memory.

BARTON BRANDS INC.
and Consolidated Subsidiaries

FINANCIAL HIGHLIGHTS

	Year Ended June 30	
	1972	1971
Net Sales	**$106,935,563**	$128,719,389
Federal Excise Taxes	**74,491,000**	89,460,000
Earnings (Loss) Before Income Taxes and Extraordinary Items	**(444,266)**	4,163,220
Provision (Credit) for Income Taxes	**(281,000)**	2,062,000
Earnings (Loss) Before Extraordinary Items	**(163,266)**	2,101,220
Extraordinary Items	**21,091,175**	—
Net Earnings	**20,927,909**	2,101,220
Per Share of Common Stock		
Earnings (Loss) Before Extraordinary Items	**(.07)**	.78
Extraordinary Items	**7.86**	—
Net Earnings	**7.79**	.78

FINANCIAL POSITION

	1972	1971
Total Assets	**$ 83,240,570**	$ 79,994,177
Total Liabilities	**33,737,044**	50,974,660
Working Capital	**41,220,136**	45,691,194
Shareowners' Equity	**49,503,526**	29,019,517
Book Value Per Share of Common Stock	**18.56**	10.81

Earnings per share are based on the weighted average shares outstanding in each year reflecting stock dividend paid in fiscal 1971.

TO OUR LIMITED PARTNERS:

The liquidation of Barton Brands, Inc. and the transfer of its assets to Barton Brands, Ltd. was completed on July 31, 1972. We are presently completing a rearrangement of the Corporation's long-term debt which was assumed by the Partnership. As soon as these arrangements have been completed, the Partnership will make its first cash distribution to partners in the amount of approximately $7,500,000, or $2.80 per unit. We anticipate that this initial distribution will be made before December 31, and that the next cash distribution will be made prior to April 15, 1973.

Further details concerning the transfer of assets from the Corporation to the Partnership may be found on the next page.

During the 12 months ended June 30, 1972, the Corporation invested $4,100,000 in introductory programs related to Barton's QT, its entry in the new light whiskey category. As anticipated, these record expenditures prevented the Corporation from having a profit from operations. For fiscal 1972, the Corporation had a net loss before extraordinary items of $163,000, or 7 cents per share, compared with earnings of $2,101,000, or 78 cents per share, in fiscal 1971.

Sales during the fiscal year, excluding the Canadian operations which were sold on August 31, 1971, amounted to $98,994,000 against comparable sales in the preceding year of $90,959,000. Total sales for fiscal 1972, including two months of Canadian case goods sales, were $106,936,000 compared with the 1971 total of $128,719,000.

During the year, the Corporation had an extraordinary gain on the sale of its Canadian business of $21,971,000, or $8.19 per share, and had extraordinary charges in connection with its liquidation which, after taxes, amounted to $880,000, or 33 cents per share. However, after taking the loss and extraordinary charges into account, the Corporation's net worth increased during fiscal 1972 by $20,484,009, or from $10.81 per share at June 30, 1971, to $18.56 per share at June 30, 1972.

The heavy investment in the Barton's QT introductory programs contributed to positioning the brand among the leaders in the hotly contested light whiskey category. The Partnership is carrying forward the long range program designed to make Barton's QT a leading brand of distilled spirits. A major portion of the $3 million in marketing and promotion expenditures budgeted for the current fiscal year has been earmarked for Barton's QT. In addition, expenditures have been budgeted in support of our established brands, including Kentucky Gentleman and Very Old Barton bourbon whiskeys and House of Stuart Scotch whisky.

The sale of the Canadian whisky business and the organization of the Partnership made necessary a reordering of our business priorities and a restructuring of our organization. This restructuring included a reduction in our staff which will result in operating economies.

We believe that our business, as restructured, will operate efficiently and we anticipate that fiscal 1973 will be a profitable year.

Lester S. Abelson

LESTER S. ABELSON
General Partner

OSCAR GETZ
General Partner

CONCERNING THE PARTNERSHIP

Barton Brands, Inc. (the Corporation) was completely liquidated and dissolved on July 31, 1972. Substantially all of the Corporation's assets, subject to all of its liabilities and obligations, have been transferred to Barton Brands, Ltd., an Illinois limited partnership (the Partnership). Since August 1, the Partnership has been carrying on the business formerly conducted by the Corporation.

Income Tax Considerations

The Internal Revenue Service rulings which held that completion of the Corporation's plan of liquidation through transfer of its assets to the Partnership satisfied the requirements of Section 337, thereby avoiding an estimated $9.9 million in U.S. corporate income taxes which would have been payable as a result of the sale of the Canadian whisky business, stated that the Corporation's stockholders, as a consequence of the liquidation, must recognize gain or loss measured by the difference between the fair market value of the property distributed and their tax basis for their Barton Brands, Inc. Common Stock.

While the Partnership has decided to use the Corporation's historical costs for its financial accounting purposes, it still has under consideration the question of the values it will use for its tax accounting purposes. We will advise our partners as to the values which will be used by the Partnership for its tax accounting. Partners may wish to review this subject with their own tax counsel.

Exchange of Stock for Partnership Units

On August 21, 1972, the units of partnership interest belonging to stockholders who had not submitted their stock certificates for exchange by that date were deposited with American National Bank and Trust Company of Chicago, as Trustee of a liquidation trust for the benefit of such stockholders. All of such stockholders are encouraged to forward their stock certificates to the Trustee as promptly as possible. A letter of transmittal to accompany such certificates is enclosed. Any distributions by the Partnership with respect to units held by the Trustee will be held by the Trustee until the exchange is completed. The partnership units and any such distributions held by the Trustee will be disposed of in accordance with the laws of the State of the stockholder's last known address or pursuant to a court order on or before August 21, 1975.

The California Partnership

As reported to you earlier, the licensing requirements of the California Alcoholic Beverage Control Act made it necessary to organize a separate limited partnership to carry on the Corporation's rectifying and bottling business in El Segundo, California. Each partner of Barton Brands, Ltd. will be granted the opportunity to participate as a limited partner in this California limited partnership. The terms and conditions under which each partner may participate will be included in materials to be mailed to you in the future.

House of Stuart
IMPORTED SCOTCH WHISKY

We challenge any Scotch in the house
with this festive gift carton

BARTON BRANDS INC.
and Consolidated Subsidiaries

STATEMENT OF CONSOLIDATED EARNINGS

FOR THE YEARS ENDED JUNE 30 (Note 5)

	1972	1971
Net Sales	**$106,935,563**	$128,719,389
Cost of Sales	**92,784,399**	107,608,365
Gross Profit on Sales	**14,151,164**	21,111,024
Marketing and Administrative Expenses	**14,264,765**	14,492,216
Operating Income (Loss)	**(113,601)**	6,618,808
Other (Income) or Deductions		
Interest expense and amortization of debt discount and expense	**2,032,386**	2,751,958
Interest income	**(1,352,136)**	(135,642)
Other income—net	**(175,920)**	(173,968)
Equity in undistributed earnings of foreign subsidiaries (Note 1)	**(173,665)**	13,240
	330,665	2,455,588
Earnings (Loss) Before Income Taxes and Extraordinary Items	**(444,266)**	4,163,220
Provision (Credit) for Income Taxes	**(281,000)**	2,062,000
Earnings (Loss) Before Extraordinary Items	**(163,266)**	2,101,220
Extraordinary Items (Note 6)	**21,091,175**	—
Net Earnings	**$ 20,927,909**	$ 2,101,220
Per Share of Common Stock		
Earnings (loss) before extraordinary items	**$ (.07)**	$ .78
Extraordinary items	**7.86**	—
Net earnings	**$ 7.79**	$ .78

Per share computations are based upon weighted average shares outstanding during the periods as adjusted for February, 1971 stock dividend.

The accompanying notes are an integral part of this statement.

CONSOLIDATED BALANCE SHEET JUNE 30 (Note 5)

ASSETS	1972	1971
Current Assets		
Cash and marketable securities, at cost	$ 5,449,473	$ 3,725,636
Receivables		
Notes receivable (Notes 3 and 6)	4,314,676	—
Trade (less allowance for doubtful accounts—$244,860 in 1972 and 1971) (Note 3)	10,904,891	15,656,926
Federal income taxes	1,008,000	—
Other	870,402	375,684
Inventories, at lower of cost or market (Notes 2 and 3)		
Bulk whiskeys	32,068,960	44,544,052
Case goods	2,723,924	3,505,079
Raw materials and supplies	719,814	978,547
Total current assets	58,060,140	68,785,924
Property, Plant and Equipment—At Cost		
Land	185,861	225,800
Buildings	3,636,140	6,099,170
Machinery and equipment	3,939,977	6,181,677
	7,761,978	12,506,647
Less accumulated depreciation and amortization	4,395,483	4,885,403
	3,366,495	7,621,244
Other Assets and Prepaid Expenses		
Investments in and advances to foreign subsidiaries (Note 1)	4,181,765	2,720,764
Non-current receivable, prepaid expenses and deferred charges	373,465	866,245
Notes receivable—long-term (Notes 3 and 6)	17,258,705	—
	21,813,935	3,587,009
	$83,240,570	$79,994,177

The accompanying notes are

LIABILITIES AND STOCKHOLDERS' EQUITY	1972	1971
Current Liabilities		
Notes payable		
Banks	$ —	$ 8,500,000
Current maturities - long-term debt (Note 3)	5,565,680	3,189,230
Accounts payable—trade	796,878	884,609
Accrued liabilities		
Taxes, other than income taxes (including Federal excise tax)	7,827,706	8,143,072
Other	1,613,052	1,480,441
Federal and state taxes on income	1,036,688	897,378
Total current liabilities	16,840,004	23,094,730
Long-Term Debt (Note 3)	16,897,040	26,304,470
Deferred Income Taxes	—	1,575,460
Stockholders' Equity (Notes 3 through 5)		
Preferred shares, $100 par value, 6% cumulative—authorized, issued and outstanding 1,875 shares	187,500	187,500
Common shares, $1 par value—, authorized 3,000,000 shares; issued—1972, 2,695,494 shares; 1971, 2,672,759 shares	2,695,494	2,672,759
Additional paid-in capital	7,053,392	6,950,266
Contributed capital	1,189,300	1,189,300
Retained earnings	38,998,146	18,081,487
	50,123,832	29,081,312
Less—common shares held in treasury, at cost—1972, 37,743 shares; 1971, 6,116 shares	620,306	61,795
	49,503,526	29,019,517
	$83,240,570	$79,994,177

an integral part of this statement.

BARTON BRANDS
INC.
and Consolidated Subsidiaries

STATEMENT OF CONSOLIDATED RETAINED EARNINGS

YEARS ENDED JUNE 30 (Note 5)

	1972	1971
Balance at Beginning of Year	$18,081,487	$16,862,216
Net Earnings	20,927,909	2,101,220
	39,009,396	18,963,436
Dividends		
Cash dividends—6% cumulative preferred stock at $6.00 per share	11,250	11,250
Stock dividends—common stock, on common at 4%	—	870,699
	11,250	881,949
Balance At End of Year (Note 3)	$38,998,146	$18,081,487

STATEMENT OF CONSOLIDATED ADDITIONAL PAID-IN CAPITAL

Balance At Beginning of Year	$ 6,950,266	$ 6,185,628
Excess of market value over par value of common stock issued for stock dividend	—	767,901
Excess of option price over par value of common stock issued for stock options (Note 4)	118,822	—
	7,069,088	6,953,529
Excess of cost of treasury shares over market value of shares issued for stock options or contributions to salaried employees trust	15,696	3,263
Balance At End of Year	$ 7,053,392	$ 6,950,266

The accompanying notes are an integral part of these statements.

BARTON BRANDS INC.
and Consolidated Subsidiaries

STATEMENT OF CONSOLIDATED CHANGES IN FINANCIAL POSITION

YEARS ENDED JUNE 30 (Note 5)

	1972	1971
SOURCES OF WORKING CAPITAL		
From operations		
Earnings (loss) before extraordinary items	$ (163,266)	$ 2,101,220
Charges to earnings before extraordinary items not using working capital		
Depreciation and amortization (on a straight-line method)	506,046	805,071
Increase in deferred income taxes	—	127,610
Working capital provided from operations exclusive of extraordinary items	342,780	3,033,901
Working capital provided by extraordinary items (Note 6)	21,091,175	—
Working capital provided from operations	21,433,955	3,033,901
Canadian property, plant and equipment sold—net (Note 5)	4,301,165	—
Issuance of common shares	141,557	—
Decrease in non-current receivable, prepaid expenses and deferred charges	492,780	—
Capital contributed through foreign government grants	—	84,424
Net decrease in treasury shares	—	8,368
Increase in long-term debt	—	5,451,470
Total	26,369,457	8,578,163
USES OF WORKING CAPITAL		
Additions to property, plant and equipment—net	552,462	753,999
Decrease in long-term debt	9,407,430	4,469,000
Decrease in deferred income taxes due to sale of subsidiary and liquidation	1,575,460	—
Increase in notes receivable—long-term	17,258,705	—
Dividends paid	11,250	11,250
Net increase in treasury shares	574,207	—
Increase in investments in and advances to foreign subsidiaries	1,461,001	207,234
Increase in non-current receivable, prepaid expenses and deferred charges	—	224,576
Total	30,840,515	5,666,059
Increase (Decrease) in Working Capital	$ (4,471,058)	$ 2,912,104
INCREASES (DECREASES) IN WORKING CAPITAL COMPONENTS		
Cash and marketable securities, at cost	$ 1,723,837	$ 692,116
Receivables	1,065,359	1,311,788
Inventories	(13,514,980)	2,798,377
Net increase (decrease) in current assets	(10,725,784)	4,802,281
Notes payable—banks	(8,500,000)	(500,000)
Current maturities—long-term debt	2,376,450	614,230
Accounts payable—trade	(87,731)	(285,117)
Accrued liabilities	(182,755)	2,144,396
Federal and state taxes on income	139,310	(83,332)
Net Increase (Decrease) in Current Liabilities	(6,254,726)	1,890,177
Increase (Decrease) in Working Capital	$ (4,471,058)	$ 2,912,104

The accompanying notes are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1972

(1) Principles of Consolidation

The accounts of United States subsidiaries (all of which are wholly-owned) and a former Canadian subsidiary (which was wholly-owned) have been consolidated. The investments in other foreign affiliates owned 50 per cent or more (which became wholly-owned as of January, 1971) are reflected at the Company's cost plus its equity in undistributed earnings since acquisition. No provision for Federal income taxes has been made on the undistributed earnings, since substantially all of these earnings have been invested in the business and are not available for the payment of dividends.

Intercompany profits, transactions, and balances have been eliminated in consolidation. With respect to foreign affiliates stated at cost plus equity in operations, intercompany profits have been eliminated.

(2) Inventories

Cost of bulk whiskeys produced by Barton Brands, Inc. and included in the closing inventory of the parent company is recorded on the last-in, first-out (Lifo) basis, which is less than market, applied to the whiskey produced in each fiscal year, including quantities which were sold and subsequently repurchased. Such Company-produced bulk whiskeys valued under the Lifo method, including carrying charges, as of June 30, 1972 and 1971, were $23,763,906 and $26,288,839, respectively. Purchased bulk whiskey produced by others is valued at the lower of specific identified cost or market. Other inventories are priced at the lower of cost (first-in, first-out or average) or market.

Bulk whiskeys are stored under Government bond. Federal, state and other taxes on spirits in bond, which constitute a lien on the inventories of such spirits and which are not payable until withdrawal from bond, are not entered as a liability in the accounts until such withdrawal is made.

(3) Long-Term Debt and Collateral Pledged

The long-term debt at June 30, 1972 consisted of the following:

Secured Notes, under separate indentures	
6½% due September 1, 1972	$ 520,000
7½% due September 15, 1972	1,060,000
5¼% due August 1, 1973	276,000
9¾% due October 14, 1973	1,170,000
6½% due September 1, 1974	520,000
9¾% due October 15, 1974	1,225,000
6¾% due August 31, 1975	590,000
6¾% due September 1, 1975	590,000
7½% due September 15, 1976	1,030,000
9¾% due October 14, 1977	1,750,000
10 % due October 15, 1978	775,000
Total (collateralized by bulk whiskey inventory in bond at cost of $11,866,546)	9,506,000
6.435% Term loan under Loan Agreement payable in annual installments of $790,000 on October 31, 1972 to 1982 and $786,000 on October 31,1983	9,476,000
5½% Subordinated Notes (under Purchase Agreement) —	
Series A, payable in annual installments of $333,000 on February 1, 1973 to 1975 and $128,000 on December 1, 1975	1,127,000
Series B, due December 1, 1975	1,875,000
Balance due on purchase of Littlemill and Loch Lomond stock payable in annual installments of $119,680 on October 1, 1972 to 1975	478,720
Total	22,462,720
Current maturities	5,565,680
Long-term portion	$16,897,040

Under the Loan Agreement (6.435% term loan) with The Mutual Life Insurance Company of New York (MONY), the Company is required to maintain trade accounts receivable and whiskey inventories free and clear of liens and encumbrances (except for governmental tax liens and charges on whiskey not yet due) in specified percentages of the outstanding aggregate indebtedness under the term loan, and upon request, the Company shall assign the above described assets as collateral security for the aforementioned loan.

The various loan agreements contain certain restrictions relating to, among other things, payment of cash dividends, acquisition of capital stock and debt limitations. Under the most restrictive provisions the amount of consolidated retained earnings available for payment of cash dividends was approximately $435,000 at June 30, 1972.

In connection with the liquidation (see Note 5), the Company sought to obtain the consents of its lenders to the transfer of substantially all of the Company's assets, subject to its liabilities and obligations, to Barton Brands, Ltd. (the Partnership).

The Company received written consents from the holders of all of its 5½% Subordinated Notes. The documentation with such holders provides for an accelerated schedule of principal payments of the Subordinated Notes with final payment due August 31, 1975, and a pledge of $3,002,000 in principal amount of notes receivable from Brown-Forman Distillers Corporation due August 31, 1975 as security for said Subordinated Notes.

The Company has also received written consents from the holders of an aggregate of $3,980,000 in principal amount of its Secured Notes, under separate indentures. The documentation in connection with certain of such consents provides for increases in interest rates as of August 1, 1972 from ½ to 1% per annum. In addition, Secured Notes of the Company, under separate indentures, in the aggregate principal amount of $3,906,000 were prepaid during the months of July and August, 1972. No response has been received from the holders of an aggregate of $620,000 in principal amount of certain of the Company's Secured Notes.

MONY and the holders of an aggregate of $1,000,000 in principal amount of certain of the Company's 9¾% Secured Notes, due October 14, 1978 have not consented to the assumption of the Company's indebtedness by the Partnership and have made certain demands for payment of their loans with premiums.

The Company does not believe that such demands are proper under the circumstances or under the instruments governing such loans.

While the transfer of assets to the Partnership without the consent of the holders of such Secured Notes or MONY gives such lenders the power to accelerate the indebtedness owed to them (and under an interpretation of certain provisions of the governing instruments may not require notice for said result), no lender has given any notice of default to either the Company or the Partnership or advised either of them of any claim of acceleration.

The Partnership is willing and able to make full payment (including accrued interest) to MONY and to the objecting holders of Secured Notes, and is continuing its efforts to negotiate a mutually agreeable resolution of these matters.

(4) Stock Option Plans

Under the Company's plans, key executive employees may be granted options to purchase common stock at 100% of market value at the date of grant. As of June 30, 1972, there were 44,062 common shares reserved under plans of which options for 3,120 common shares had been granted. Of the total options outstanding, 1,248 were exercisable. During the year ended June 30, 1972, 28,851 options were exercised at prices ranging from $5.04 to $11.24. No options were granted during the year. Options outstanding at June 30, 1972 were exercisable at $9.38 per share.

In connection with the liquidation, certain options were surrendered in July, 1972. Such options have not been included in those outstanding at June 30, 1972.

(5) Transfer of Net Assets to Partnership

On June 22, 1972, the Company's stockholders approved a plan to transfer substantially all of the Company's assets, subject to all of its liabilities and obligations, to a limited partnership (Barton Brands, Ltd.) formed under Illinois law (the "Illinois Partnership"). The transfer of net assets to Barton Brands, Ltd., which was accomplished as of July 31, 1972, was made in connection with a plan (approved by the stockholders on August 27, 1971) of complete liquidation under Section 337 of the Internal Revenue Code and pertinent sections of the Delaware General Corporation Law. Pursuant to the plan of liquidation, the Company sold its Canadian whisky business as of August 31, 1971. This sale is further described in Note 6. As part of the liquidation plan, the outstanding preferred stock was redeemed for its par value ($187,500 in total) plus accrued dividends ($11,719 in total).

In order to comply with the licensing requirements of the California Alcoholic Beverage Control Act, a separate California limited partnership was formed under the name Barton Brands (Western), Ltd. (the "California Partnership") to carry on the rectifying and bottling business conducted by the Company at its plant in El Segundo, California. The general partners of the California Partnership are Lester S. Abelson, Oscar Getz and Barton Western Associates, Inc., a newly organized corporation owned by them. It is contemplated that each partner of the Illinois Partnership will be afforded an opportunity to acquire the same number of units in the California Partnership as the number of units owned by him in the Illinois Partnership, subject to his satisfying licensing requirements. This will be done by a distribution to the partners of the Illinois Partnership of convertible notes in the aggregate principal amount of $475,000 issued by the California Partnership to the Company on July 31, 1972, in part payment for the fixed assets of the California business, which notes will be convertible into Partnership units of the California Partnership. Thus, upon the distribution of the notes all of the partners of the Illinois Partnership will become

creditors of the California Partnership; those who qualify to become partners of the California Partnership, and elect to do so, will give up their creditor position and acquire a corresponding ownership position.

Other assets sold to the California Partnership were sold at values which, in the opinion of the Company, approximated fair market value therefor.

(6) Extraordinary Items

The following items represent the net extraordinary credit for the year ended June 30, 1972:

Gain on sale of Canadian whisky business	
Proceeds from sale	$35,108,440
Book value of net assets sold and expenses of sale	13,137,678
	21,970,762
Non-recurring charges related to the liquidation (see Note 5)	
Termination of certain employees and consultants	417,584
Professional fees	249,435
Expenses related to prepayment of debt and sundry	82,568
	749,587
Income tax effect	(355,000)
	394,587
Provision for income taxes (principally Federal) for timing differences and recapture of investment tax credits	485,000
Net non-recurring charges	879,587
Net extraordinary credit	$21,091,175

No income taxes have been provided for the gain on the sale of the Canadian whisky business as such gain is not taxable to the Company as a result of the liquidation under Section 337 (see Note 5).

Proceeds from the sale of the Canadian whisky business are represented by:

Cash	$10,575,740
Assumption of indebtedness	2,959,320
Notes (receivable in annual installments of $4,314,676 each on August 31, 1972 to 1976 with interest at 6%)	21,573,380
	$35,108,440

Collection of the principal amounts of the following notes is subject to escrow restrictions primarily with respect to Canadian income taxes:

Due August 31,1975	$ 685,324
Due August 31, 1976	2,814,676
Total in escrow until December, 1976	3,500,000
Due August 31, 1976 and in escrow until December, 1978	1,500,000
Total in escrow	$5,000,000

The contribution to net earnings by the Canadian whisky business is not determinable because the Company's method of operations and system of accounting do not provide financial information segregated by types of whiskey sold by the Company because of numerous overlapping responsibilities in the marketing and administrative areas of the Company's business. However, the Canadian whisky business represented 7% and 29% of net sales dollars for the Company's fiscal years ended June 30, 1972 and 1971, respectively.

AUDITOR'S REPORT

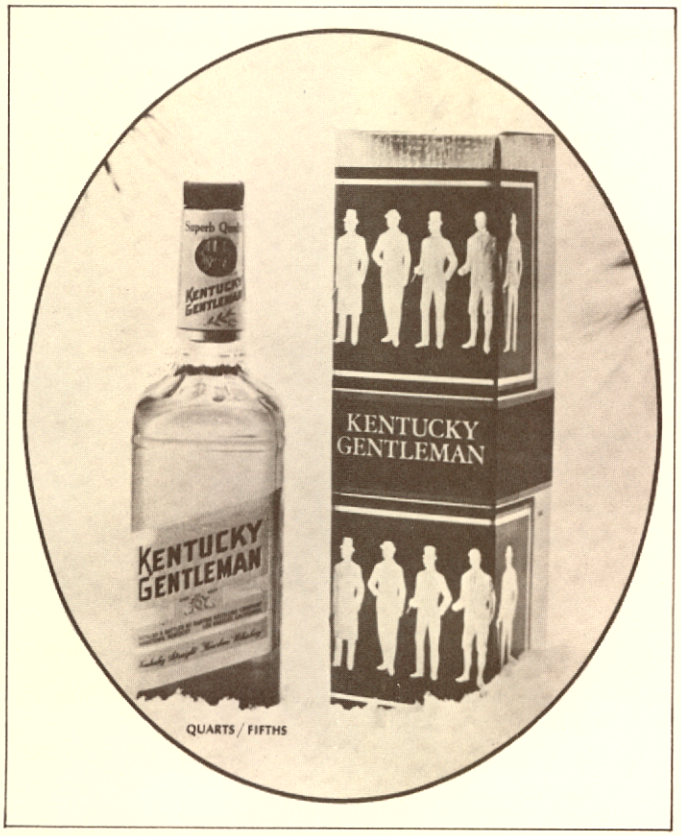
Partners of Barton Brands, Ltd.,
as successors to Barton Brands, Inc.

We have examined the consolidated balance sheet of Barton Brands, Inc. and Subsidiaries, as of June 30, 1972, and the related consolidated statements of earnings, retained earnings, additional paid-in capital and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of certain unconsolidated foreign subsidiaries whose assets constitute 6% of the consolidated totals. These statements were examined by other auditors whose report thereon has been furnished to us and our opinion expressed herein insofar as it relates to the amounts included for these subsidiaries is based solely upon such reports. We have previously examined and reported on the consolidated financial statements for the preceding year.

In our opinion, based on our examination and the reports of other auditors, the consolidated financial statements referred to above present fairly the consolidated financial position of Barton Brands, Inc. and Subsidiaries, at June 30, 1972 and the consolidated results of their operations and changes in their financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois
September 15, 1972

Alexander Grant & Company



Kentucky Gentleman

KENTUCKY STRAIGHT BOURBON WHISKEY

An old favorite features the season's most gifted holiday wrap.

BARTON BRANDS

EXECUTIVE OFFICES
200 South Michigan Avenue
Chicago, Illinois 60604

GENERAL PARTNERS

Lester S. Abelson
Oscar Getz
Barton Distilling Associates, Inc.

PRINCIPAL EXECUTIVES

Financial

Ralph D. Silver,
Chief Financial Executive
Fred R. Mardell
Secretary
Raymond E. Powers
Controller

Operations

Paul L. Kraus
Chief Operations Executive

Marketing and Sales

William M. Getz
Director of Marketing and Sales
Herbert Collins
Open States Sales Manager
Robert G. Miller
Control States Sales Manager
Sydney A. Weinstock
Division Sales Manager
Walter Williford
Division Sales Manager
Frank Wall
Division Sales Manager
Lou Morris
Division Sales Manager
John Holodak
Division Sales Manager

Transfer Agent

American National Bank and
Trust Company of Chicago

Traded: Over- the-Counter
NASDAQ Symbol: **BBRLC**

Very Old Barton

KENTUCKY STRAIGHT BOURBON WHISKEY

The best buy on Bourbon Street
comes in the season's best packaging